

**Office of Inspector General
Corporation for National and
Community Service**

**Agreed-Upon Procedures Review of
Corporation for National and
Community Service
Education Award Program Grants to
Mississippi Department of Education**

OIG Report Number 08-21



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

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OFFICE OF INSPECTOR GENERAL

August 21, 2008

TO: Kristin McSwain
Director, AmeriCorps*State and National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Stuart Axenfeld /s/
Assistant Inspector General for Audit

SUBJECT: *OIG Report 08-21, Agreed-Upon Procedures Review of Corporation for National and Community Service Education Award Program Grants to Mississippi Department of Education*

We contracted with the independent certified public accounting firm of Regis & Associates, PC, (Regis) to perform agreed-upon procedures in its review of Corporation Education Award Program grants awarded to Mississippi Department of Education (MDE). The contract required Regis to conduct its review in accordance with generally accepted government auditing standards.

Regis is responsible for the attached report, dated March 14, 2008, and the conclusions expressed therein. We do not express opinions on MDE's Schedule of Questioned Education Awards, Accrued Interest Awards and Administrative Fees; conclusions on the effectiveness of internal controls; or compliance with laws, regulations, and grant provisions.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by February 23, 2009. Notice of final action is due by August 21, 2009.

If you have questions pertaining to this report, please call me at 202-606-9360, or Ron Huritz, Audit Manager, at 202-606-9355.

Attachment

cc: Frednia Perkins, Division Director, MDE Office of Vocational and Technical Education
William Anderson, Deputy Chief Financial Officer, Financial Management
Rocco Gaudio, Deputy Chief Financial Officer, Grants and Field Financial Management
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**OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**

**AGREED-UPON PROCEDURES REVIEW OF
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
EDUCATION AWARD PROGRAM GRANTS TO
MISSISSIPPI DEPARTMENT OF EDUCATION**

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EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Regis & Associates, PC to perform agreed-upon procedures for Education Award Program (EAP) grants awarded by the Corporation to Mississippi Department of Education (MDE), solely to assist the OIG in compliance testing of member files for compliance with grant provisions. These procedures were applied to Grant Number 05EDHMS001 for Program Years (PYs) 2005-2006, 2006-2007, and 2007-2008. As a result of applying these procedures, we have questioned amounts totaling \$402,139, consisting of Education Awards of \$389,933, student loan accrued interest awards of \$4,206, and administrative fees of \$8,000. The detailed results of our agreed-upon procedures (AUP) and questioned amounts are presented in the Independent Accountant's Report on Applying Agreed-upon Procedures, *Exhibit A., Schedule of Questioned Education Awards, Accrued Interest Awards and Administrative Fees.*

We performed limited testing on 12 member files during our planning phase and compliance with grant provisions on 379 member files during the testing phase. The 379 member files were selected using statistical sampling software. Because of the pervasiveness of findings, we did not project the sample to the universe of 946 member files.

Compliance Testing Results. The detailed results of our agreed-upon procedures revealed instances of non-compliance with grant provisions, regulations, or Office of Management and Budget (OMB) circulars. Those instances of non-compliance are shown in Exhibit B, the Compliance Testing Results section of the *Independent Accountants' Report on Applying Agreed-Up On Procedures.*

Exit Conference. The contents of this report were discussed with MDE management and the Corporation at an exit conference on May 15, 2008. Responses to the draft report were received from MDE and the Corporation and are included in this report as Appendices A and B, respectively.

Agreed-Upon Procedures Scope

These agreed-upon procedures covered the objectives of determining whether members enrolled in the program are eligible to serve, are performing service in accordance with grant terms and conditions and, if certified for an education award, performed the minimum service hours required during the award period of August 1, 2005, through July 31, 2007. We performed our procedures during the period January 9, 2008, through March 14, 2008.

The OIG's agreed-upon procedures, dated September 2007, provided guidance for understanding the grantee's operations and testing its compliance with provisions of the EAP grant. These procedures are described in more detail in the *Independent Accountants' Report on Applying Agreed-Up On Procedures.*

Background

MDE's Office of Vocational and Technical Education (OVTE) administers the Future Teachers' Literacy Corps (FTLC), a Corporation-funded AmeriCorps program created in 1997 to reduce the State of Mississippi's teacher shortage and improve student literacy. The OVTE's responsibilities are to recruit members, provide regional and state-level orientation, distribute instructional materials, manage and monitor the education award program, and maintain member files.

Program members, referred to as Teacher Assistants, must complete a total of 1,700 hours of service to earn an education award of \$4,725. The award is used to further the Teacher Assistant's education or pay for outstanding education loans. Members must be current Teacher Assistants employed by a Mississippi public elementary school or at a Head Start Center prior to being accepted into the program. Members earn service hours by performing regular school duties of a Teacher Assistant, tutoring students during school days, and performing community service. (See Finding 1 for further discussion.)

The OVTE is located in Jackson, Mississippi. Its management consists of three staff: a District Director, Program Coordinator, and Special Project Officer.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Regis & Associates, PC performed the procedures that were agreed to by the OIG, solely to assist in compliance testing of member files for Education Award Program (EAP) Grant No. 05EDHMS001 awarded by the Corporation to MDE for PYs 2005-2006, 2006-2007, and 2007-2008. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and generally accepted government auditing standards. The sufficiency of these procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or any other purpose.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on MDE management's assertions. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported to you.

The procedures that we performed included verifying that:

- Enrolled members were U.S. citizens, nationals, or lawful permanent residents and obtained high-school diplomas or equivalency certificates.
- Criminal background checks were conducted for members with substantial recurring contact with children or vulnerable individuals prior to the start of service.
- Member contracts were signed by members and included required AmeriCorps stipulations.
- Member service hours reported in the Corporation's Web-Based Reporting System (WBRS) agree to hours recorded on member timesheets.
- Members attended the required orientation sessions.
- Required mid-term and end-of-term performance evaluations were performed and documented.
- Member timesheets support member eligibility to earn education awards.
- Eligibility for pro-rated education awards, for those members released for compelling personal circumstances, was documented in accordance with AmeriCorps regulations.
- MDE certified to the National Service Trust that members were eligible to receive education awards.

- Member enrollment, exit, and change-of status forms were completed and approved in WBRS within 30 days of members starting and ending service or changing status.
- No more than 20 percent of the aggregate of all AmeriCorps member service hours was spent in training and educational activities.
- Member timesheets, forms, and contracts were in member files and were signed, dated, and did not contain discrepancies.
- The amount of funds MDE drew down agrees with the amount it is due (number of eligible AmeriCorps members multiplied by the fixed grant amount per member, for example 300 members multiplied by \$400 per member).

Results

As a result of applying the agreed-upon procedures to 391 sampled member files, we questioned \$402,139, consisting of Education Awards, Accrued Interest Awards and Administrative Fees. The questioned amounts are summarized in Exhibit A, *Schedule of Questioned Education Awards, Accrued Interest Awards and Administrative Fees*. The compliance testing results are summarized in the section of this report titled *Compliance Testing Results* (see Page 6). Issues identified included the following:

1. Members recorded employee paid hours as service hours on their timesheets.
2. Timesheet hours were not reviewed by the members' supervisors or accurately recorded in WBRS.
3. Members files did not include all the required documentation to support their eligibility to participate in the program.
4. Members did not attend the required orientation sessions.
5. Inadequate supporting evidence for criminal background checks.
6. Members' contracts were not signed before service hours were earned.
7. Members' contracts lacked Corporation required clauses on Civil Rights and Equal Opportunity.
8. Members' files were missing mid-term and end-of-term performance evaluations.
9. MDE did not complete member enrollment and exit forms and enter them into WBRS in a timely manner.
10. MDE drew down more funds than entitled to in Program Year 2005-2006.

EXHIBIT A

MISSISSIPPI DEPARTMENT OF EDUCATION
EDUCATION AWARDS PROGRAM

SCHEDULE OF QUESTIONED EDUCATION AWARDS, ACCRUED INTEREST
AWARDS AND ADMINISTRATIVE FEES

Reasons for Questioning Award Amounts	PY 2005-2006		PY 2006-2007	
	Number of Members	Questioned Education Awards	Number of Members	Questioned Education Awards
Enrollment Eligibility:				
No Evidence of US Citizenship	7	\$33,075	3	\$14,175
No High School Diploma	5	23,625	2	9,450
Contract was not signed by Member	<u>1</u>	<u>4,725</u>	<u>2</u>	<u>9,450</u>
Total Enrollment Eligibility Amounts	13*	\$61,425	7*	\$ 33,075
Hours Not Supported in WRBS and Timesheets:				
Contract was signed after the member started service (Full Time Award)	16	75,600	36	170,100
Contract was signed after the member started service (Part Time Award)	0	-	1	2,655
Partial Timesheet	1	4,725	1	4,725
WBRS and timesheet Discrepancy (Full Time Award)	4	18,900	3	14,175
WBRS and timesheet Discrepancy (Part Time Award)	1	4,553	0	-
Total Education Award Eligibility	<u>22</u>	<u>\$103,778</u>	<u>41</u>	<u>\$191,655</u>
Total Education Awards Questioned	<u>35</u>	<u>\$165,203</u>	<u>48</u>	<u>\$224,730</u>

*The questioned Administrative Fees for these ineligible members is \$8,000 (20 * \$400).

Questioned Accrued Interest Awards:	Number of Members	Accrued Interest
Program Year		
2005-2006	1	\$48
2006-2007	<u>3</u>	<u>4,158</u>
Total Accrued Interest Awards Questioned	<u>4</u>	<u>\$4,206</u>

**MISSISSIPPI DEPARTMENT OF EDUCATION
EDUCATION AWARDS PROGRAM**

COMPLIANCE TESTING RESULTS

The testing results shown below resulted from applying our agreed-upon procedures to a limited, judgmentally selected sample of members for planning purposes, combined with a larger randomly selected sample for fieldwork testing purposes. We statistically sampled and reviewed a total of 379 member files out of a universe of 946 member files to determine whether AmeriCorps member information and documentation required by the grant provisions are maintained in the members' files. We noted some instances of noncompliance with the AmeriCorps and EAP grant provisions. These instances of noncompliance included the following:

Finding 1. Members Accumulated Employee Paid Hours As AmeriCorps Hours On Their Timesheets

We reviewed timesheets for PYs 2005-2006, 2006-2007, and 2007-2008 to verify whether members recorded the applicable AmeriCorps hours. We noted that all members in each of the program years accumulated employee paid hours as AmeriCorps hours on their timesheets. The grantee's website displays an information page that states in part:

The AmeriCorps Future Teachers' Literacy Corps provides a \$4,725 education award to teacher assistants who perform their regular school duties and other community service activities for a total of 1700 hours of service during the school year. The AmeriCorps teacher assistants must provide extra hours of tutoring their students in reading during the school day and additional hours of community service outside the normal school day. The AmeriCorps member continues to receive his/her regular teacher assistant salary and agrees to perform the extra duties in return for the \$4,725 education award.

According to MDE, the procedure for members to apply employee paid hours to AmeriCorps hours was included in its budget proposal submitted to the Corporation, and the Corporation did not object to the procedure before awarding the grant. However, in an e-mail response to the OIG on this subject, the Corporation's program officer stated, "It is our expectation that the AmeriCorps Future Teachers' Literacy Corps member would do something different than the other Teaching Assistants, and we do not expect to see the language as noted in your correspondence."

The Corporation's legal counsel has also taken the position that the teacher assistants can use their paid hours toward AmeriCorps service hours. We disagree that the time spent by teacher assistants who work in the local schools during the school day, and get paid by the schools for this work, should have those hours counted toward AmeriCorps service hours.

The teacher assistants are first hired by the school and, only thereafter, choose whether or not to become AmeriCorps members whose work for the school will count toward an education award. Those who become AmeriCorps members are required to serve at least three additional hours per week outside of regular classroom time.

MDE solicits existing teacher assistants to become AmeriCorps members. Grant information indicates that MDE hopes that teacher assistants will use the education award to become teachers in the future. The teacher assistants are not teaching professionals, nor are they necessarily first time teacher assistants, and there is no indication in the grant application that there is a shortage of teacher assistants in this area. Accordingly, this does not meet the intent of Congress that the professional corps requirement be satisfied by individuals who are recruited, trained, and placed in a professional position for the first time in a community that cannot attract enough of these professionals.

From the agreed upon procedures performed, it is clear that the MDE members in question did not perform 1,700 discrete hours of service to AmeriCorps. They counted as service hours their paid time as teacher assistants. The grant application was clear that MDE's intent was to hire teacher assistants and recruit them to become AmeriCorps members. Because the application included this information, the Corporation should have known that the teacher assistants would be paid for their time in the classroom, and this same time would also be counted toward AmeriCorps service hours. When the paid time is subtracted from the total reported hours, the members fall short of the minimum 1,700-hour requirement.

Although timesheet hours are divided into two categories, "TA Service" and "Outside Service", timesheet descriptions do not specifically indicate that certain duties are being performed as AmeriCorps service hours to clearly distinguish them from regular paid classroom hours.

Because the program included in its grant application documents its intent to use classroom time as service hours, we are not questioning the education awards for these members.

Criteria

This grant program is contrary to 45 C.F.R. § 2520.20(a) which states that "[y]our grant must initiate, improve, or expand the ability of an organization and community to provide services to address local unmet environmental, educational, public safety . . . or other human needs." This regulation implements Section 2(b)(1) of the National and Community Service Trust Act of 1993 (NCSTA), 42 U.S.C. § 12501(b)(1), which defines the purpose of the AmeriCorps program as to "[m]eet the unmet human, educational, environmental, and public safety needs of the United States, without displacing existing workers." For MDE to deem as AmeriCorps service the hours of work the teaching assistants are already obliged to perform for the school is contrary to the stated requirements that an AmeriCorps program "initiate, improve or expand" a service in a community to address an unmet human need.

Although similar in purpose to a Corporation Professional Corps program grant, this program is not listed as receiving Corporation grant funds under this program, nor does it appear to meet the criteria for such a grant.

The Corporation's press release of April 5, 2007, *National Service Agency Announces Grants of \$83 Million To Support 24,000 AmeriCorps Members*, lists the Mississippi Department of Education Grant under the heading "AmeriCorps National Education Award Program (EAP) – Continuation Grants", not under the "AmeriCorps National Professional Corps – Continuation Grants." The Corporation awards such grants by direct competition to organizations that meet the program's criteria, one of which is that the grantee operate its professional corps program in two or more states. Section 122(a)(8) of the NCSTA describes a Professional Program as one "that recruits and places qualified participants in positions – (A) as teachers . . . or other professionals providing service to meet educational . . . needs . . . in communities with an inadequate number of such professionals." 42 U.S.C. § 12572(a)(8). Congress explained that the intent of the program is to recruit and train new professionals and place them in areas where there were none:

It is the Committee's intent that such professional corps be eligible for funding only if they are placing individuals into such a profession for the first time in a community that cannot attract enough of these professionals. It is not the intent of the Committee that professionals already serving in these professions could apply for funding and post-service educational awards for their continued service in the same position in which they have been serving. S. Rep. No. 103-70, at 20 (June 29, 1993)

Recommendation

1. We recommend that the Corporation review the MDE grant documents and the program itself, and bring this grantee into compliance with the Corporation's governing law and regulations.

Grantee's Response

MDE's management indicated that it relied on the legal opinion provided on November 13, 2000, by the Corporation's legal counsel on applying employee paid hours as service hours. The Corporation concurred with MDE's position at that time.

Corporation's Response

The Corporation indicated that it will work to ensure that the program is in compliance with its approved grant award.

Auditor's Comment on Grantee's Response

MDE's response did not address the required compliance with the Corporation's governing law and regulations noted in the finding. The Corporation should take the recommended actions.

Auditor's Comment on the Corporation's Response

The Corporation's response did not discuss working with the grantee to ensure compliance with governing law and regulations noted in the finding. The Corporation should take the recommended actions.

Finding 2. Timesheet Hours Were Not Reviewed By The Members' Supervisors Or Accurately Recorded In WBRS

Of 391 member timesheets reviewed, service hours recorded in WBRS did not agree to the hours claimed on timesheets for 27 members. We, therefore, questioned \$33,075 of education awards for seven members who qualified for full awards, and \$4,553 for one member who qualified for a partial award. We did not include education awards for the remaining 19 members because 11 members are still actively serving, 6 members' amounts were questioned in Finding No. 6, and 2 members' amounts were questioned in Finding 3.

In addition, we examined timesheets for evidence of supervisory approval. We noted the following:

Member Timesheet Exceptions	Number of Members	Number of Member Awards Questioned	Questioned Education Awards	Comment
No timesheets in member files	2	0	0	No awards earned
Incomplete set of timesheets	23	2	\$9,450	11 members did not earn awards and the remaining 10 members were already questioned in other findings
Member files included time sheets that were not signed or dated by the member or supervisor.	14	0	0	See first paragraph of Finding Number 2
Member files included time sheets that were not signed by the member and/or supervisor in the correct reporting period.	64	0	0	Some of these timesheets were signed before the reporting period, or one to four months after the reporting period

Member files included time sheets that were signed by someone other than the site supervisor or principal indicated on the members' application.	101	0	0	See first paragraph of Finding Number 2
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We also questioned \$2,427 in student loan accrued interest awards for one member.

MDE does not comply with its policies and procedures to ensure that members submit their timesheets within the time window provided in its training manual, and maintains timesheets in member files or verifies time and attendance records were signed and dated both by the member and an individual with oversight responsibilities for the member. MDE also did not have procedures in place to verify the accuracy of hours recorded in WBRS and on time sheets. MDE could not explain discrepancies between hours recorded on the timesheets and in WBRS, or why timesheets were missing.

Without procedures to verify member activities or timesheet accuracy, the potential exists that members may perform prohibited activities or may receive unearned education awards.

Criteria

The AmeriCorps 2005-2006 Education Award Program Grant Provisions, Section IV F. 1, *Terms of Service, Program Requirements*, states the following for eligibility for an education award:

“Each Program must, at the start of the term of service, establish the guidelines and definitions for the successful completion of the Program year, ensuring that these Program requirements meet the Corporation’s service hour requirements as defined below:

- a. Full-Time Members. Members must serve at least 1700 hours during a period of not less than nine months and not more than one year.
- b. Half-Time Members. Half-time members must serve at least 900 hours during a period of one or two years as indicated in the approved budget.
- c. Reduced Half-Time Members. Reduced half-time members must serve at least 675 hours over a period not to exceed one year.
- d. Quarter-Time Members. Quarter-time members must serve at least 450 hours over a period not to exceed one year.
- e. Minimum Time Members. Minimum time members must serve at least 300 hours over a period not to exceed one year.”

The FTLC Full-time Member Policy and Procedures Manual requires the following:

The Mississippi Department of Education will keep time and attendance records on all AmeriCorps members in order to document their eligibility for in-service and post-service benefits. Time and attendance records must be signed and dated both by the

member and an individual with oversight responsibilities for the member. This will be the Supervising Classroom Teacher, Principal, or Director.

FTLC's Training Manual, page 6, also includes monthly timesheet due dates.

AmeriCorps requirements do not specifically address timesheet procedures. It is, however, good business practice to initial changes, sign and date documents, and check the accuracy of hours recorded on timesheets. Without procedures to verify member activities or timesheet accuracy, the potential exists that members may perform prohibited activities or may receive unearned education awards. By initialing changes, accountability is maintained that the changes are consistent with the members' and management's intentions.

Recommendations

We recommend that the Corporation:

- 2a. Disallows and recovers education awards and related interest for members who did not serve sufficient hours to earn the education and accrued interest award.
- 2b. Requires MDE to enhance its procedures to ensure the review and approval of hours recorded on timesheets.
- 2c. Requires MDE to adhere to its policies and procedures that complete timesheets are to be maintained in member files.

Grantee's Response

MDE's management indicated that it will take extra precautions when reviewing timesheets to ensure paperwork contains all appropriate signatures. MDE management also indicated that it developed a "Timesheet Discrepancy Form" in Program Year 2006-2007 for returning incorrect timesheets to members for review and correction.

Corporation's Response

The Corporation did not provide a response to this finding.

Auditor's Comment on Grantee's Response

MDE's response did not address all the deficiencies noted in the finding. The Corporation should take the recommended actions.

Finding 3. Member Files Did Not Include All Required Documentation To Support Eligibility To Participate In The Education Awards Program

We tested member files to verify that enrolled members were U.S. citizens, or lawful permanent residents. In addition, we verified whether member files include documentation to support evidence of receiving a high school diploma or an agreement to obtain an equivalency certification. We noted the following:

Member Eligibility Exceptions	Number of Members	Member Awards Questioned	Questioned Education Awards	Questioned Administrative Fees	Comment
Member files did not include evidence of U.S. citizenship or lawful resident status	57	10	\$47,250.00	\$4,000	47 members earned no awards
Member files did not include documentation to support high school diplomas or an agreement to obtain an equivalency certification	57	7	\$33,075.00	\$2,800	44 members did not earn awards and the remaining six members awards were already questioned in other findings

MDE did not comply with its policies and procedures to ensure that applicants meet AmeriCorps member eligibility requirements before starting service.

Programs that do not maintain documentation to ensure that applicants meet the citizenship or residency eligibility requirements are at risk of enrolling members who may not be eligible to participate in the EAP program.

Criteria

The AmeriCorps 2005-2006 Education Award Program Grant Provisions, Section IV.M.2, states in part:

Verification. To verify U.S. citizenship, U.S. national status or U.S. lawful permanent resident alien status, the grantee must obtain and maintain documentation as required by 45 C.F.R. §2522.200(b) and (c). The Corporation does not require programs to make and retain copies of the actual documents used to confirm age or citizenship eligibility requirements, such as a driver’s license, or birth certificate, as long as the grantee has a consistent practice of identifying the documents that were reviewed and maintaining a record of the review.

According to Title 45 CFR § 2522.200, *What are the eligibility requirements for an AmeriCorps participant?*, every AmeriCorps participant is required to be a citizen, national, or lawful permanent resident alien of the United States. It also states that “[e]very

AmeriCorps participant is required to obtain a high-school diploma or equivalency certificate.”

FTLC’s Full-time Member Policy and Procedures Manual requires the following:

AmeriCorps Program staff persons will ensure that each potential member is eligible. To be eligible to enroll in AmeriCorps, the individual must:

1. Be a U.S. citizen or U.S. national or a lawful permanent resident alien of the United States;
2. Be at least 17 years old (or at least 16 years of age if the member is out of school and a participant in a youth corps or a program for certain disadvantaged individuals); and
3. Have a high school diploma or GED or agree to obtain one while serving.

AmeriCorps Program staff persons will ascertain and document the citizenship/lawful permanent resident alien status of the members, a record of which will be kept in the member’s file and will be noted on the member checklist in the member Information Profile in WBRs.

Recommendations

We recommend that the Corporation:

- 3a. Requires MDE to enhance controls to ensure that adequate documentation is maintained to verify member eligibility.
- 3b. Disallows and recovers Education Awards, Accrued Interest Awards and Administrative Fees for members determined to be ineligible.

Grantee’s Response

MDE’s management indicated that the member’s signature on the Enrollment Form provides self-certification for U. S. citizenship or lawful permanent residency and a high school diploma or its equivalent.

Corporation’s Response

The Corporation indicated that its regulations allow programs to accept self-certification from applicants who have a high school diploma. However, the Corporation was silent in its response on lack of evidence to support U.S. citizenship or lawful legal residency.

Auditor's Comment on Grantee's Response

MDE did not provide documentation supporting that the members with questioned education awards are U.S. citizens or lawful legal residents. The Corporation should take the recommended actions.

Auditor's Comment on the Corporation's Response

The Corporation did not address all the deficiencies noted in the finding. The Corporation should take the recommended actions.

Finding 4. Members Did Not Attend Required AmeriCorps Orientation Sessions

We reviewed AmeriCorps orientation sign-in sheets to determine whether the enrolled members received the required orientation. We noted that 246 of the 391 (63 percent) sampled members did not attend the AmeriCorps orientation sessions.

MDE did not comply with its policy and procedures for providing orientation. As a result, the risk of members not properly fulfilling AmeriCorps requirements is increased.

Criteria

FTLC's Policy and Procedures Manual states, "The Mississippi Department of Education is responsible for providing member orientation, regional and statewide training, and technical assistance." It further states:

This orientation shall be designed to enhance member security and sensitivity to the community. Orientation will cover member rights and responsibilities, including the Program's code of conduct, prohibited activities (including those specified in the regulations), requirements under the Drug-Free Workplace Act (41 U.S.C. 701 et. seq.) suspension and termination from service, grievance procedures, sexual harassment, other non-discrimination issues, and other topics as necessary.

Recommendation

4. We recommend that the Corporation requires MDE to adhere to its policies and procedures regarding members' documented attendance at orientation sessions, and provide evidence to the Corporation of its compliance with this requirement.

Grantee's Response

MDE's management indicated that, following the retirement of the program administrator in 2003, the program underwent six administrative changes until Program Year 2006-2007. The other administrators (2003-2006) did not attend New Directors' Training. Therefore, staff was unaware of the mandatory provision to provide Pre-service Orientation prior to

enrolling members. Members did receive Orientation Training, not prior to their enrollment in WBRS, but within the 30-day period.

Corporation's Response

The Corporation did not provide a response to this finding.

Auditor's Comment on Grantee's Response

MDE's management discussed its prior actions but did not indicate any corrective actions on the noted findings. The Corporation should take the recommended actions.

Finding 5. Inadequate Evidence To Support Whether Criminal Background Checks Were Performed

MDE could not provide supporting documentation to verify that criminal background checks were conducted for 305 of the 391 members tested (78 percent). We also noted that 25 files contained criminal/child abuse background checks that were three to four years old.

MDE relied on the school districts in which the members are teaching to conduct criminal background checks as part of the member screening process, but MDE did not verify with the school districts that background checks were actually conducted before allowing the member to start service.

Lack of documentation of required criminal background checks or outdated documents increase the risk associated with members who should not be working with children, thus resulting in a potential liability for the school districts, MDE, and the Corporation.

Criteria

The AmeriCorps 2005-2006 Education Award Program Grant Provisions, Section IV.C. *Member Enrollment*, states:

Criminal Background Checks. Programs with members (18 and over) or grant-funded employees who, on a recurring basis, have access to children (usually defined under state or local law as un-emancipated minors under the age of 18) or to individuals considered vulnerable by the program (i.e. the elderly or individuals who are either physically or mentally disabled), shall, to the extent permitted by state and local law, conduct criminal background checks on these members or employees as part of the overall screening process.

FTLC's Policy and Procedures Manual states: "The Mississippi Department of Education will ensure, to the extent permitted by state or local law, that we maintain background check documentation for members covered by this provision in the member's files or other appropriate file."

Recommendations

We recommend that the Corporation:

- 5a. Require MDE to develop and implement policies and procedures for retaining documentation to show that results of criminal record checks were considered as part of the member screening process; and
- 5b. Require MDE to maintain the most recent criminal record check in the appropriate file as provided by state or local law.

Grantee's Response

MDE's management made reference to the Mississippi State law that requires background checks on Teacher Assistants. It also referenced a memorandum of understanding MDE has with the school districts for participation in the AmeriCorps Future Teachers' Literacy Corps. It requires the school districts to certify that background checks are completed on Teacher Assistants participating in the program.

Corporation's Response

The Corporation did not provide a response to this finding.

Auditor's Comment on Grantee's Response

MDE's response is partially adequate. The Corporation should take the recommended action 5b, which requires MDE to maintain documentation of the most recent criminal record check in the appropriate member files.

Finding 6. Members' Contracts Were Not Signed Before Service Hours Were Earned

We found the following exceptions with respect to member contracts:

Member Contract Exceptions	PY	Number of Affected Members	Number of Member Awards Questioned	Questioned Education Award Amounts	Questioned Administrative Amount	Questioned Accrued Interest Amount	Comment
Members began serving and recording service hours before they had signed member contracts	2005-2006	29	16	\$75,600		\$48	From the remaining 13 members, 5 earned the required hours after signing contract, 5 did not earn awards, and the remaining 3 were already questioned in other findings
	2006-2007	50	36	\$170,100		\$1,731	2 members earned the required hours after signing contract, 11 members did not earn awards, and the remaining 1 member was already questioned in other findings
	2006-2007	1	1	\$2,655			This member qualified for a partial award for compelling personal circumstances. The member started service 8/1/06 and signed contract on 8/21/06.
	2007-2008	24	0	0	0		Some of the members exited without earning an award and some are still serving in the program
Member files did not include member contract	2005-2006	1	0	0	0		Some of the members exited without earning an

Member Contract Exceptions	PY	Number of Affected Members	Number of Member Awards Questioned	Questioned Education Award Amounts	Questioned Administrative Amount	Questioned Accrued Interest Amount	Comment
							award and some are still serving in the program
Member files include member contract that was not signed by the member.	2005-2006	1	1	\$4,725	\$400		These amounts are being questioned for one member
	2006-2007	2	2	\$9,450	\$800		These amounts are being questioned for two members
Certifying Official did not date member's contract	2005-2006	139	0	0	0		We are not questioning any amounts since members are not responsible for the Certifying Official not dating the contract.
	2006-2007	137	0	0	0		We are not questioning any amounts since members are not responsible for the Certifying Official not dating the contract.

MDE did not comply with AmeriCorps provisions. As a result, applicants who record service time before contracts are in place may receive education awards and interest forbearance to which they are not entitled.

Criteria

The AmeriCorps 2005-2006 Grant Provisions, Section IV.C., *AmeriCorps Special Provisions, Member Enrollment*, states in part:

1. *Member Enrollment Procedures.*

- a. An individual is enrolled as an AmeriCorps member when all of the following have occurred:
 - i. He or she has signed a member contract;

- ii. The program has verified the individual's eligibility to serve;
 - iii. The individual has begun a term of service; and
 - iv. The program has approved the member enrollment form in WBRS.
- b. Prior to enrolling a member in AmeriCorps, programs make commitments to individuals to serve. A commitment is defined as signing a member contract with an individual or otherwise entering into a legally enforceable commitment as determined by state law.

* * *

2. AmeriCorps Members. The grantee must keep time and attendance records on all AmeriCorps members in order to document their eligibility for in-service and post-service benefits. Time and attendance records must be signed and dated both by the member and by an individual with oversight responsibilities for the member.

Recommendations

We recommend that the Corporation:

- 6a. Ensure that MDE permits only members with signed contracts, and meeting the criteria of an AmeriCorps member, to record service hours. The Corporation should test the eligibility of members enrolled during the resolution period to ensure compliance.
- 6b. Recover from MDE education awards, related interest, and administrative fees for the ineligible members.

Grantee's Response

MDE's management indicated that the finding resulted from the disaster it suffered during Hurricanes Katrina and Rita in 2005. Further, it stated that a waiver was sought and approved by the Corporation that allowed MDE to operate outside the parameters of the AmeriCorps 2005-2006 provisions.

Corporation's Response

The Corporation indicated that the grant provisions require a member contract for the purpose of informing members of their rights and responsibilities and as an element of establishing an obligation in the National Services Trust, but not as a pre-condition for recording service hours. The Corporation did not agree that the performance of service prior to signing a member contract is an appropriate basis on which to question education awards. It revised the provisions in 2008 to eliminate any ambiguity regarding contract and enrollment requirements.

Auditor's Comment on Grantee's Response

MDE's response did not address the findings noted, nor did it provide evidence of the waiver. We found instances in 2006-2007 and 2007-2008 program years in which members recorded hours before their contracts were signed. The Corporation should take the recommended actions.

Auditor's Comment on the Corporation's Response

The Corporation's response contradicts its *Member Enrollment Procedures* cited in the criteria above. The Corporation should take the recommended actions.

Finding 7. Member Contracts Lacked Corporation Required Clauses On Civil Rights And Equal Opportunity

The member contract used by MDE for Program Years 2005-2008 did not include the AmeriCorps requirement that Civil Rights and Equal Opportunity clauses be stipulated in the contracts. All 391 member files tested lacked these requirements.

MDE did not comply with the AmeriCorps Grant Provisions. MDE noted that they would revise the member contract to ensure that it meets the AmeriCorps requirements. By not including these requirements in the member contracts, members may not be aware of their rights under Civil Rights and Equal Opportunity as they relate to the EAP program.

Criteria

The AmeriCorps 2005-2006 Education Award Program Grant Provisions, Section V.F.3, *Public Notice of Non discrimination*, states: "The grantee must include information on civil rights requirements, complaint procedures and the rights of beneficiaries in member contracts, handbooks, manuals, pamphlets, and post in prominent locations, as appropriate."

Recommendation

7. We recommend that the Corporation require MDE to include all AmeriCorps requirements in member contracts.

Grantee's Response

MDE's management indicated that the Civil Rights and Equal Opportunity clauses are included in the AmeriCorps Member Handbook that is distributed and reviewed during Pre-Service Orientation Training. It has also made the required revision to include the clauses in the 2008-2009 Member Contract.

Corporation's Response

The Corporation indicated that the grantee is in compliance as long as it has included the required information in one of the required formats.

Auditor's Comment on Grantee's Response

Actions taken by MDE are responsive to the recommendation.

Auditor's Comment on the Corporation's Response

We concur with the Corporation's response. However, the Corporation should follow up to ensure that the planned distribution of the updated member contract occurred and that it is being used by the members.

Finding 8. Member Files Did Not Include Mid-Term And End-of-Term Evaluation Forms

We found that 335 member files tested (83 percent) did not include the required evaluations.

MDE did not comply with AmeriCorps provisions and its policies and procedures in conducting and maintaining mid-term and end-of-term evaluations.

Without final evaluations, MDE may not be able to determine whether a member satisfactorily completed his or her term of service, is eligible for an education award, or is eligible to serve a second term. Properly completed evaluations are necessary to ensure that members are eligible for additional service terms and that grant requirements have been met.

Criteria

The AmeriCorps 2005-2006 Grant Provisions, Section IV. D., *AmeriCorps Special Provisions, Training, Supervision, and Support*, states in part, "6. *Performance Reviews*. The grantee must conduct and keep a record of at least a midterm and end-of-term written evaluation of each member's performance for full and half-time members and an end-of-term written evaluation for less than half-time members."

Title 45 CFR § 2522.220 (d), *Participant performance review*, states that, "For the purposes of determining a participant's eligibility for a second or additional term of service and/or for an AmeriCorps education award, each AmeriCorps program will evaluate the performance of a participant mid-term and upon completion of a participant's term of service. The end-of-term performance evaluation will assess the following: (1) whether the participant has completed the required number of hours described in paragraph (a) of this section".

FTLC's Policy and Procedures Manual states, "The Mississippi Department of Education will conduct and keep a record of at least a midterm and end-of-term written evaluation of each member's performance. The evaluation will focus on:

- Whether the member has completed the required number of hours;
- Whether the member has satisfactorily completed assignments, and
- Whether the member has met other performance criteria that were clearly communicated at the beginning of the term of service."

Recommendations

We recommend that the Corporation:

- 8a. Ensures that MDE complies with AmeriCorps requirements and its policies and procedures by performing and documenting mid-term and end-of-term evaluations for all members.
- 8b. Follows up to verify that required evaluations were completed for all members.

Grantee's Response

MDE's management referenced the AmeriCorps Education Awards Program 2005 and 2006 Grant Provisions regarding this finding. Page 3, Section I. Changes to the 2005 and 2006 AmeriCorps Education Awards Program (EAP) Provisions states, "The following subsections have been deleted from both the 2005 and 2006 EAP Provisions: *Section IV. E. Training, Supervision and Support – Performance Reviews.*"

Corporation's Response

The Corporation concurred with this finding. It accepted responsibility for lack of adequate information or guidance provided to EAP grantees on conducting member evaluations. The Corporation indicated that it has taken measures and will continue to ensure that grantees conduct evaluations as required under the regulations.

Auditor's Comment on Grantee's Response

MDE's response did not address the deficiencies noted in the finding. The Corporation's appropriations act for Fiscal Year 2004 allowed the Corporation to administer EAP grants as fixed-price awards under the AmeriCorps appropriation, but exempted them from some of the AmeriCorps requirements, such as the required provision of a living allowance and matching requirements. The appropriations statute did not specifically exempt EAPs from the required end-of-term evaluation to determine whether a member's service was satisfactory, and thus whether the member was eligible to serve a subsequent term. Thus, as of Fiscal Year 2004, EAPs were subject to the end-of-term evaluation requirement. The Corporation should take the recommended actions.

Auditor's Comment on the Corporation's Response

The Corporation's response and actions are adequate.

Finding 9. MDE Did Not Complete Member Enrollment And Exit Forms And Enter Them Into WBRS In A Timely Manner

We noted the following:

- MDE did not complete 211 enrollment forms or enter them into WBRS within 30 days of service starting dates.
- We were unable to verify whether enrollment forms were completed and approved in WBRS within 30 days of starting service for two members whose forms were unsigned and undated.
- MDE did not complete 59 exit forms or enter them in WBRS within 30 days of members completing service.
- Exit forms were not completed and approved in WBRS within 30 days of exiting the program for 83 members.

MDE did not follow AmeriCorps requirements and provisions for completing and submitting enrollment and exit forms. Without timely submission of these forms, the Corporation cannot properly maintain timely and accurate member records.

Erroneous member status may affect the computation of service hours for successful completion of the program and eligibility for education awards. Late submission of enrollment and exit forms would not allow MDE to properly review, track, and monitor member activities and accomplish the objectives of the AmeriCorps program.

Criteria

The AmeriCorps 2005-2006 Grants Provisions, Section IV.O. (3), states in part:

AmeriCorps Member-Related Forms. The grantee is required to submit the following documents to the National Service Trust on forms provided by the Corporation. Grantees and sub-grantees may use WBRS to submit these forms electronically. Programs using WBRS must also maintain hard copies of the forms.

- a. *Enrollment Forms.* Enrollment forms must be submitted no later than 30 days after a member is enrolled.
- b. *Change of Status Forms.* Member Change of Status Forms must be submitted no later than 30 days after a member's status is changed. By forwarding Member Change of

Status Forms to the Corporation, State Commissions and Parent Organizations signal their approval of the change.

- c. *Exit/End-of-Term-of-Service Forms.* Member Exit/End-of-Term-of-Service Forms must be submitted no later than 30 days after a member exits the program or finishes his/her term of service.

Recommendation

9. We recommend that the Corporation ensures that MDE implements controls to ensure that member enrollment, exit, and change-of-status forms are maintained in member files, and entered into WBRS or My AmeriCorps Portal in a timely manner.

Grantee's Response

MDE's management provided information on a prior monitoring visit by the Corporation in January 2007, which confirms the existence of the noted findings. MDE stated that it has been instructed to develop and implement a written procedure to ensure that all program staff are aware of the 30-day rule, and to ensure that all members are properly enrolled and exited in WBRS within 30 days. It also indicated that, during Pre-Service Orientations, site visits and other training, members are reminded of the 30-day rule.

Corporation's Response

The Corporation did not provide a response to this finding.

Auditor's Comment on Grantee's Response

MDE did not indicate any action to address the deficiencies discussed in the finding. Its response is silent on the development and implementation of a written procedure recommended by the Corporation during the monitoring visit and by this review. The Corporation should take the recommended actions.

Finding 10. MDE Drew Down More Funds Than Entitled To In Program Year 2005-2006

MDE drew down \$4,255 in excess grant funds in one program year. This instance of non-compliance appears to be the result of inadequate grant drawdown controls. MDE concurred that the overdrawn grant funds and adjustment of the overdrawn amount will be applied to the PY 2006-2007.

Criteria

The AmeriCorps 2005-2006 Education Award Program Grant Provisions, Section V.A., states in part:

Accountability of Grantee. The grantee has full fiscal and programmatic responsibility for managing all aspects of the grant and grant-supported activities, subject to the oversight of the Corporation. The grantee is accountable to the Corporation for its operation of the AmeriCorps Program and the use of Corporation grant funds. The grantee must expend grant funds in a judicious and reasonable manner, and it must record accurately the service activities and outcomes achieved under the grant.

The AmeriCorps 2005-2006 Education Award Program Grant Provisions, Section V. K, *Fixed Amount Award*, also states in part:

Education Award Program awards are for fixed amounts and are not subject to the Federal Cost Principles. The fixed amount is based on the approved number of members and is funded at the amount per full-time equivalent member specified in the award. The award is dependent upon the grantee's performance under the terms and conditions of the award. These include properly enrolling the number of members as specified in the award to carry out the activities and to achieve the specific project objectives as approved by the Corporation. Failure to enroll the number of members approved in the grant award may result in a reduction of the amount of the grant.

Recommendations

We recommend that the Corporation:

- 10a. Requires MDE to ensure that the drawdowns of grant funds comply with AmeriCorps provisions.
- 10b. Recovers the overdrawn amount or offsets the amount against a future grant award.

Grantee's Response

MDE's management concurred with the finding and requested that its accounting office adjust and apply the overdrawn amount to the appropriate program year.

Corporation's Response

The Corporation did not provide a response to this finding. However, the Corporation should verify that the overdrawn amount is applied to the appropriate program year.

Auditor's Comment on Grantee's Response

MDE's response and actions are adequate.

This report is intended for the information and use of the Office of Inspector General, Corporation management, MDE, and the U.S. Congress. However, this report is a matter of public record and its distribution is not limited.

Regis & Associates, PC

Regis & Associates, PC
March 14, 2008

APPENDIX A

**RESPONSE OF
MISSISSIPPI DEPARTMENT OF EDUCATION
TO DRAFT REPORT**



Mississippi Department of Education

Hank M. Bounds, State Superintendent of Education

Kristopher Kaase, Ph.D., Deputy State Superintendent • Instructional Programs and Services
Office of Vocational Education and Workforce Development • Mike Mulvihill • Interim Associate State Superintendent
Frednia D. Perkins • Division Director • Student and Professional Services • 601-359-2950 • Fax: 601-359-3481

#09.015

August 4, 2008

Ms. Carol Bates, Assistant Inspector General for Audit
Corporation for National and Community Service
Office of Inspector General
1201 New York Avenue, NW; Suite 830
Washington, DC 20525

Dear Ms. Bates:

The Mississippi Department of Education appreciates the opportunities provided for Teacher Assistants through the AmeriCorps Education Award Program (EAP) Grant. The EAP Grant has also provided much needed assistance to reverse the teacher shortage. The annual salary for Teacher Assistants in Mississippi is \$12,500 (MS Code Section 37-21-7(6)). The Education Award is a major incentive for Members to work toward achieving a familiar career path to explore their potential as educators.

We appreciate the opportunity to respond to the *Agreed-Upon Procedures Review of Corporation for National and Community Service Education Award Program Grants Awarded to Mississippi Department of Education (MDE)* prepared by Regis & Associates, PC. In some instances, it is recommended that the Corporation recover Education Awards. However, all funds supplied through the EAP Grant have been used to provide Member training and development. According to the U.S. Census Bureau, Mississippi's per capita income is \$15,853 and the median household income is \$34,278; Mississippi ranks #2 in the Nation for the highest percentage of children under 18 years old below the poverty level; Mississippi ranks #1 in the Nation for the highest percentage of people below the poverty level in the past 12 months; Mississippi ranks #51 in the Nation for the lowest median family income; and Mississippi ranks #17 in the Nation among the highest percentage of households with cash public assistance income. Subsequently, Mississippi is one of the most economically disadvantaged States in the Nation and is unable to repay any funds. In addition, the program has undergone six (6) administrative changes. Over the course of this reorganizational period, specifically within the 2006-2007 Program Year, significant programmatic strides and advances have been made to ensure the Program complies with all federal policies and procedures, regulations, and guidelines.

#09.015

Page 2

MDE is committed to encouraging AmeriCorps Members to become educators and providing the appropriate support in their pursuit of this goal. The AmeriCorps EAP Grant provides MDE the opportunity to achieve its goal of placing a highly qualified teacher in every classroom. Should you require any additional clarification or information, please give me a call at 601.359.2950 or email me at fperkins@mde.k12.ms.us.

Sincerely,

A handwritten signature in cursive script that reads "Frednia Perkins".

Frednia Perkins, Division Director
Student and Professional Services

FDP:kp

Attachments

c: Ronald Huritz
Claire Mareno
Dawn Marie Williams
Kendra Bell
Willie McCluskey
Linda Smith
Janie Jones
Kristopher Kaase



Mississippi Department of Education
Office of Vocational Education and Workforce Development

Response to
Agreed-Upon Procedures Review of Corporation Education
Award Program Grants Awarded to the
Mississippi Department of Education

Prepared by:
Division of Student and Professional Services



Mississippi Department of Education
Response to Review of Corporation Education Award Program Grants
DRAFT AUDIT REPORT

1. **Members recorded employee paid hours as service hours on their timesheets.**
Please review the memorandum dated November 13, 2006.
2. **Timesheet hours were not reviewed by the Members' supervisors or accurately recorded in WBRS.**
In some instances, whenever Members miscalculated hours, MDE made corrections before entering data into WBRS. Staff then initialed changes on the Timesheet(s) with the correct hours listed. MDE will take extra precaution when reviewing Timesheets to ensure paperwork contains all appropriate signatures. A Timesheet Discrepancy Form was developed in Program Year 2006-2007 for returning incorrect Timesheets to Members for review and correction.
3. **Member files did not include all required documentation to support eligibility to participate in the Education Awards Program.**
The former director instructed staff to enroll Members into WBRS with the Enrollment Form only. She informed staff that other documents could be obtained at a later date.

Members' signature on the Enrollment Form provides self-certification for U. S. citizenship or lawful permanent residency, and high school diploma or its equivalent. Please note CNCS AmeriCorps Enrollment Form, Part 2, Self-Certification Statement.
4. **Members did not attend the required AmeriCorps Pre-Service Orientation Sessions.**
The original administrator of the AmeriCorps Education Awards Program retired in August 2003. After his departure, the program underwent six (6) administrative changes until Program Year 2006-2007 (November 2006). The other administrators (2003-2006) did not attend the New Directors' Training. Therefore, staff was unaware of the mandatory provision to provide Pre-service Orientation prior to enrolling Members. Members did receive Orientation Training, but not prior to enrolling them in WBRS, but within the 30-day period. The current Division Director for Student and Professional Services has been unable to attend the AmeriCorps New Directors' Training, due to other programmatic obligations.
5. **Inadequate evidence to support whether Criminal Background Checks were performed.**
See Mississippi State Law regarding Criminal Background Checks. See also Page 2: *Qualifications* of the Memorandum of Agreement and email correspondence with the AmeriCorps Program Officer.

6. **Members' contracts were not signed before service hours were earned.**

On August 29, 2005, our State suffered the worst natural disaster in our nation's history. Our schools were certainly not immune to this tragedy. Despite this calamity, the Mississippi Department of Education remained committed to accelerating student achievement in our public schools. The catastrophic events of Hurricanes Katrina and Rita impacted every school district in the State of Mississippi. Over 200,000 of our students, teachers, and families had been impacted by the storm. President George W. Bush issued disaster and emergency declarations for the impacted areas in Louisiana, Mississippi, Florida, Alabama, Arkansas and Texas. In addition, Governor Haley Barbour also issued a Declaration of Emergency for the State.

On Friday, September 9, 2005 based on reports from school districts, more than 125,000 students were out of school and 30 school districts representing 226 schools were closed. Katrina destroyed approximately 28 of our schools. Some 280 schools reported damages with 75% having major damage including three to four feet of water. Due to the extreme devastation and demolition of some of the schools within the school districts, we had to rebuild and restore our AmeriCorps efforts.

MDE requested a waiver from the Corporation in an effort to operate outside the parameters of the AmeriCorps 2005-2006 provisions. Hurricane Katrina had an adverse effect on the entire State of Mississippi. Several AmeriCorps Members were displaced for months and were forced to try and replace important documents needed for the program, such as driver's license, birth certificate, social security card, etc. Therefore, Members were allowed to count time beginning August 1, 2005 in an effort to assist with obtaining the required 1700 service hours. This request was granted by our AmeriCorps Program Officer during this traumatic Program Year.

7. **Member contracts lacked Corporation required clauses on Civil Rights and Equal Opportunity.**

The clause is included in the AmeriCorps Member Handbook that is distributed and reviewed during Pre-Service Orientation Training. MDE has made the required revision to include the clause in the 2008-2009 Member Contract. After all required signatures have been secured; each Member is mailed a copy of their contract.

8. **Member files did not include Mid-Term and End-of-Term Evaluation Forms.**

The AmeriCorps Education Awards Program 2005 and 2006 Grant Provisions was referenced regarding this issue: Page 3, Section I. Changes to the 2005 and 2006 AmeriCorps Education Awards Program (EAP) Provisions states, "The following subsections have been deleted from both the 2005 and 2006 EAP Provisions: *Section IV. E. Training, Supervision and Support – Performance Reviews.*"

9. MDE did not complete member enrollment and exit forms and enter them into WBRS in a timely manner.
During the CNCS AmeriCorps monitoring visit (January 22-23, 2007) that was conducted by our AmeriCorps Program Officer, he noted in his Monitoring Visit Feedback Letter that MDE staff reported being unclear about the 30-day rule for enrollment and exits. MDE was instructed to develop and implement a written procedure to ensure that all program staff is aware of the 30-day rule, and to ensure that all Members are properly enrolled and exited in WBRS within 30 days. The 30-day rule is listed in the AmeriCorps Member Handbook. During Pre-Service Orientations, site visits, and other trainings, Members are reminded of the 30-day rule. As a reminder, none of the previous six (6) AmeriCorps Directors attended the New Directors' Training, nor did Program Staff.
10. MDE drew down more funds than entitled to in Program Year 2005-2006.
The MDE Accounting Office has adjusted the overdrawn amount and applied it to the appropriate Program Year of 2006-2007.

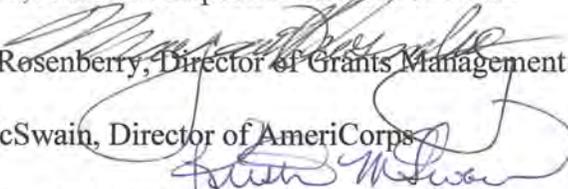
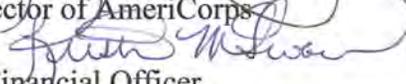
NOTE: Additional information was provided to OIG and CNCS offices under separate cover.

APPENDIX B

**RESPONSE OF
CORPORATION FOR NATIONAL & COMMUNITY SERVICE
TO DRAFT REPORT**

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Carol Bates, Assistant Inspector General for Audit

From: Margaret Rosenberry, Director of Grants Management

Kristin McSwain, Director of AmeriCorps


Cc: Jerry Bridges, Chief Financial Officer
Frank Trinity, General Counsel
Sherry Blue, Audit Resolution Coordinator

Date: August 4, 2008

Subj: Response to OIG Draft of Agreed-Upon Procedures Review of Education Award Program Grants Awarded to the Mississippi Department of Education

Thank you for the opportunity to review the draft Agreed-Upon Procedures review of the Corporation's Education Award Program grants awarded to the Mississippi Department of Education. We are only addressing five of the findings at this time. We will respond to all recommendations in our management decision when the final audit is issued and we have worked with the Department of Education to resolve all of the findings.

In response to the auditors' assertion that members accumulated employee paid hours as AmeriCorps hours on their timesheets, we are looking into the issues raised and will work to ensure that the program is in compliance with their approved grant award.

Second, the auditors questioned living allowance payments made to members attributable to hours served before they signed their contracts. In some cases, the auditors also questioned education awards by applying the criteria of excluding hours served prior to the signature dates on member service contracts. As we have noted in other recent audits, the Corporation does not agree that the date the contract is signed is an appropriate criterion to disallow living allowances or education awards based solely on service hours having been performed before a participant signed a member service contract. The audit report does not provide any evidence that the members engaged in inappropriate service activities or that they served outside of the period of performance of the grant. The only issue raised by the audit report is whether service hours may be recorded prior to an individual signing a member contract. In these circumstances, the audit report does not document a condition that warrants the disallowance of either living allowances or education awards.



1201 New York Avenue, NW ★ Washington, DC 20525
202-606-5000 ★ www.nationalservice.org

Senior Corps ★ AmeriCorps ★ Learn and Serve America



Neither the national service legislation nor implementing regulations mention a member contract as a pre-condition for serving as an AmeriCorps member. The grant provisions require a member contract for the purpose of informing members of their rights and responsibilities and as an element of establishing an obligation in the National Service Trust, but not as a pre-condition for recording service hours.

The only criteria referenced by the audit report are the grant provisions. The provision itself defines enrollment, not the service start date, and does not state that the member contract signature date must coincide with the term of service start date. In fact, the provision, in Section IV C.1.a.iii says that an individual is enrolled when “the individual has begun a term of service;” and, the provisions in C.1.d. state “Member Enrollment: Within 30 calendar days of the member starting service the program must complete and approve the enrollment.” Thus, the provision itself describes enrollment as occurring subsequent to the beginning of the term of service. Read in its entirety, the criteria for this finding is a requirement that the grantee be diligent in the overall enrollment process for its AmeriCorps members within a reasonable time after they have begun service. Thus, there is no indication that this provision in any way defines criteria attributable to an AmeriCorps member’s ability to perform service toward their commitment. Therefore, we cannot concur that the performance of service prior to signing a member contract is an appropriate basis upon which to question education awards. We revised the provisions in 2008 to eliminate any ambiguity regarding contract and enrollment requirements.

Third, the auditors questioned education awards for seven members because the member files had no documentation to support evidence of high school diplomas or other equivalency certifications. As we have noted in our discussions on this criteria, we recommend that the OIG revise its audit procedures. The Corporation’s regulations allow programs to accept self-certification from applicants that they have a high school diploma. There is no requirement that the member file contain a copy of the diploma. For example, a self-certification could be obtained on application or enrollment forms.

Fourth, the auditors also noted that member contracts did not contain required clauses on civil rights and equal opportunity, quoting the Grant Provisions at section V.F.3 which stipulate that programs must provide members with information on civil rights and equal opportunity. However, Section IV.4.E.2 of the Provisions contains the minimum requirements for member contracts and those two requirements are not included in the list. The full text of the Provisions the auditors relied on at Section V.F.3 states that the “grantee must include information on civil rights requirements, complaint procedures and the rights of beneficiaries in member contracts, handbooks, manuals, pamphlets, and post in prominent locations, *as appropriate.*” (emphasis added) As long as the program has included the required information in one of the required formats, the program is in compliance. As noted in the response from the Department of Education, “The clause is included in the AmeriCorps Member Handbook that is distributed and reviewed during Pre-Service Orientation Training.”

Finally, the auditors noted that the program did not conduct member evaluations as required in the AmeriCorps regulations. The Education Award Program is a fixed price grant under which many of the requirements for managing AmeriCorps grants are waived, including, for many years, the requirement to conduct member evaluations. The Corporation funded EAP grants under its innovative programs initiatives until 2004. The Corporation's appropriation's act for fiscal year 2004 allowed the Corporation to administer EAP grants as fixed price awards under the AmeriCorps appropriation, but exempted them from some of the AmeriCorps requirements, such as the required provision of a living allowance and matching requirements. The appropriations statute did not specifically exempt EAPs from the end-of-term evaluation required by statute to determine whether a member's service was satisfactory, and thus whether the member is eligible to serve a subsequent term. Thus, as of fiscal year 2004, EAPs were subject to the end-of-term evaluation requirement like other Subtitle C programs. However, in applying new requirements, the Corporation neglected to inform EAPs that they were henceforth required to conduct member evaluations and, in fact, continued to advise EAPs that this requirement did not apply. The Corporation takes full responsibility for any misinformation - or lack of notice - provided to EAP grantees, and anticipates allowing any costs questioned solely because a member did not receive an evaluation. We have and will continue to take measures to ensure that EAP grantees conduct evaluations as required under the regulations in the future.

The Corporation will address the remaining questioned costs and other findings during audit resolution after the audit is issued as final.